

Poverty Reduction in Rural India during 2004-05 to 2011-12: Role of Growth, Redistribution, and Population-Shifts

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Abstract

The Indian economy was amongst the fastest growing economies of the world during the period 2004-05 and 2011-12. This growth aided poverty reduction and the number of rural poor declined by 110 million. In this paper we quantify the relative contribution of the growth vis-à-vis the redistribution components to poverty reduction in rural India. Unlike in the pre-reform period, in the post-reform era period we analyse, inequality reduced the pace of reduction in rural poverty. An additional contribution is that we highlight the importance of demographic changes in determining the pace of poverty reduction. By this we mean population-shifts across land size classes because of differences in the total fertility rate by land size class. While the intra-land size class reduction in poverty is the most important driver, the relative importance of redistribution component and population-shifts effects vary at the sub-national level, and this depends on the stage of demographic transition.

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